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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

AUG 06 2001

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

DOCKETED BY	<i>sd</i>
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IN THE MATTER OF DRAGOON WATER
COMPANY, INC. CURTAILMENT PLAN
TARIFF FOR ITS SYSTEM

DOCKET NO. W-01917A-01-0429

DECISION NO. 63920

ORDER

Open Meeting
July 24 and 25, 2001
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On June 4, 2001, Dragoon Water Company ("Dragoon" or "Company") filed an application with the Commission requesting approval of a curtailment plan.

2. Dragoon is a public service corporation which provides water utility service to the public in a portion of Cochise County.

3. Dragoon has two wells and serves 135 customers south of Willcox, Arizona.

4. Dragoon is requesting approval of a Curtailment Tariff. The purpose of this tariff is to establish guidelines to restrict the water use of customers at times when Dragoon is experiencing a water shortage emergency.

5. The curtailment tariff proposed by Dragoon would work in stages as follows:

Stage 1 Exists When:

- a. The Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment restrictions are necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

1 Stage 2 Exists When:

- 2 a. The Company's total storage and well production has been less than 80
- 3 percent of capacity for at least 48 consecutive hours, and
- 4 b. The Company has identified issues such as steadily declining water table, an
- 5 increased draw down threatening pump operations, poor water production
- 6 creating a reasonable belief the Company will be unable to meet anticipated
- water demands in the system.

7 Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ

8 water conservation measures to reduce water consumption by approximately 50 percent.

9 Outside watering should be limited to essential water, dividing outside watering on some

10 uniform basis (such as even and odd days) and eliminating outside watering on weekends and

 holidays.

11 Notice Requirements: Under Stage 2, the Company is required to notify customers by

12 delivering written notice door to door at each address, or by United States first class mail to

13 the billing address or, at the Company's option, both. Such Notice shall notify the customers

 of the general nature of the problem and the need to conserve water.

14 Stage 3 Exists When:

- 15 a. The Company's total storage and well production has been less than 50 percent
- 16 for at least 24 consecutive hours. The Company has identified issues such as
- 17 a steadily declining water table, and increased draw down threatening pump
- 18 operations creating a reasonable belief that the Company will be unable to meet
- 19 anticipated water demand on a sustained basis. The Company must rely on an
- emergency connection with the City of Tucson to augment the minimum needs
- of the customers.

20 Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ

21 water conservation measures to reduce daily consumption by approximately 50 percent. All

22 outside watering should be eliminated, except livestock, and indoor water conservation

 techniques should be employed wherever possible.

23 Notice Requirements:

- 24 a. The Company is required to notify customers by delivering written notice to
- 25 each service address, or by United States first class mail to the billing address
- 26 or, at the Company's option, both. Such Notice shall notify the customers of
- the general nature of the problem and the need to conserve water.
- 27 b. Beginning with Stage 3, the Company shall post at least two signs showing
- 28 curtailment stage. Signs shall be posted at the well site and at the entrance to
- the major subdivision served by the Company.

- 1 c. Company shall notify the Consumer Services Unit of the Utilities Division of
2 the Commission at least 12 hours prior to entering Stage 3.

3 Stage 4 Exists:

- 4 a. Company's total storage has been less than 25 percent for at least 12
5 consecutive hours. The Company has identified issues such as a steadily
6 declining water table, and increased draw down threatening pump operations
7 creating a reasonable belief the Company will be unable to meet anticipated
8 water demand on a sustained basis. The Company must rely on an emergency
connection with the City of Tucson to augment the minimum needs of the
customers.

9 Restrictions: Under Stage 4, the Company shall inform the customers of a mandatory
10 restriction to employ water conservation measures to reduce daily consumption. All outside
11 watering should be eliminated, except livestock, and indoor water conservation techniques
12 should be employed wherever possible. Failure to comply will result in temporary
disconnection.

13 Notice Requirements:

- 14 a. The Company is required to notify customers by delivering written notice to
15 each service address, or by United States first class mail to the billing address
16 or, at the Company's option, both. Such Notice shall notify the customers of
the general nature of the problem and the need to conserve water.
- 17 b. The Company shall have posted at least two signs showing curtailment stage.
18 Signs shall be posted at the well site and at the main entrance to the major
subdivision served by the Company.
- 19 c. The Company shall notify the Consumer Services Unit of the Utilities Division
20 of the Commission at least 12 hours prior to entering Stage 4.
- 21 d. Customers who fail to comply with cessation of outdoor use provisions will be
22 given a written notice to end all outside use. Failure to comply within two (2)
23 working days of receipt of the notice will result in temporary loss of service
24 until an agreement can be made to end unauthorized use of outside water. To
restore service, the customer shall be required to pay all authorized
reconnection fees.

25 6. Staff agrees with Dragoon that it needs a curtailment mechanism in place and finds
26 it to be in the public interest. Therefore, Staff recommends approval of the curtailment plan filed
27 by Dragoon with the following modifications:
28 ...

- 1 a. The word "and" should be inserted before the word "poor" in paragraph "b" under
2 Stage 2.
- 3 b. Under Stage 3, there should be a paragraph "a" and "b". Paragraph "a" should be the first
4 sentence as currently written under Stage 3. Paragraph "b" should be the same as
5 paragraph "b" under Stage 2. The reference to the City of Tucson should be eliminated.
- 6 c. For the Notice Requirements under Stage 3, the word "Unit" should be replaced with the
7 word "Section" in paragraph "c". A sentence should be added to paragraph "c" that
8 states, "In addition, the Company shall inform the Consumer Services Section of the
9 Company's plans to correct the water shortage problem and how long the Company
10 expects to remain in Stage 3."
- 11 d. Under Stage 4 there should be a paragraph "a" and "b". Paragraph "a" should be the first
12 sentence as currently written under Stage 4. Paragraph "b" should be the same as
13 paragraph "b" under Stage 2. The reference to the City of Tucson should be eliminated.
- 14 e. For the Notice Requirements under Stage 4, the word "Unit" should be replaced with
15 the word "Section" in paragraph "c". Two sentences should be added to paragraph "c"
16 that state, "In addition, the Company shall inform the Consumer Services Section of
17 the Company's plans to correct the water shortage problem and how long the Company
18 expects to remain in Stage 4. The Company shall immediately notify the Consumer
19 Services Section when the Stage 4 restrictions are lifted."
- 20 7. Staff further recommends that this curtailment procedure become part of Dragoon's
21 Arizona Department of Environmental Quality Emergency Operations Plan.
- 22 8. Staff further recommends that during the period when these water usage restrictions are
23 effective, Dragoon' tariff reconnection rate shall apply to any service terminated for failure to comply
24 with the curtailment conditions during Stage 4.
- 25 9. Staff further recommends that Dragoon file with the Utilities Compliance Section a
26 copy of the curtailment tariff as approved by the Commission within thirty (30) days of the effective
27 date of the Commission's decision in this matter. Staff further recommends that the curtailment tariff
28 not become effective until the final tariff is filed with the Compliance Section and verified for accuracy
29 by Staff.
- 30 10. Staff further recommends that the Company notify all of its customers of this new tariff
31 within thirty (30) days of the effective date of this decision and file an affidavit with the Compliance
32 Section verifying that notice has been sent to its customers within (40) days of the effective date of this
33 Decision.

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3 CONCLUSIONS OF LAW

4 1. Dragoon, Inc., is a public service corporation within the meaning of Article XV, Section
5 2, of the Arizona Constitution.

6 2. The Commission has jurisdiction over Dragoon and the subject matter of the application.

7 3. The Commission, having reviewed the application and Staff's Memorandum dated July
8 10, 2001, concludes that it is in the public interest to approve the curtailment plan tariff.

9 ORDER

10 IT IS THEREFORE ORDERED that Dragoon be authorized to implement its proposed
11 curtailment plan tariff with the modifications as recommended by Staff as described in Findings of
12 Fact No. 6.

13 IT IS FURTHER ORDERED that this curtailment procedure become part of Dragoon's Arizona
14 Department of Environmental Quality Emergency Operations Plan.

15 IT IS FURTHER ORDERED that during the period when these water usage restrictions are
16 effective, Dragoon's tariff reconnection rate shall apply to any service terminated for failure to comply
17 with the curtailment conditions during Stage 4.

18 IT IS FURTHER ORDERED that Dragoon shall file with the Utilities Division Compliance
19 Section a copy of the curtailment tariff as approved by the Commission within 30 days of the effective
20 date of the Commission's decision in this matter.

21 IT IS FURTHER ORDERED that this curtailment tariff not become effective until the final
22 tariff is filed with the Compliance Section and verified for accuracy by the Staff of the Utilities
23 Division.

24 IT IS FURTHER ORDERED that Dragoon shall not implement its curtailment plan tariff until
25 all current customers of Dragoon have been given notice of this tariff.

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3 IT IS FURTHER ORDERED that Dragoon shall notify its customers of the Curtailment Plan
4 within thirty (30) days of the effective date of this Decision and file an affidavit with the Compliance
5 Section verifying that notice has been sent to the customers within forty (40) days of the effective date
6 of this Decision.

7 IT IS FURTHER ORDERED that this Decision become effective immediately.

8
9 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

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COMMISSIONER

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COMMISSIONER

12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Secretary of the Arizona Corporation Commission, have
14 hereunto, set my hand and caused the official seal of this
15 Commission to be affixed at the Capitol, in the City of
16 Phoenix, this 6th day of August, 2001.

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17 
18 BRIAN C. McNEIL
Executive Secretary

19 DISSENT: _____

20 DRS:RSK:jbc/JMA
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